stake in Engineers India Ltd., has withdrawn from the disinvestment process of Engineers India Ltd.

Assessment of equity of PSUs to be disinvested

†1926. SHRI P. K. MAHESHWARI: Will the Minister of DISINVESTMENT be pleased to state:

(a) the basis on which Government assess the equity of Public Sector Undertakings meant for disinvestment while taking decision on their disinvestment;

(b) whether it is a fact that Government are assessing the equity of an undertaking meant for disinvestment on the basis of the dividend earned by it, whereas the assessment should be made on the basis of assessment made by market;

(c) if so, whether there is resentment among the officers of Public Sector Undertakings due to improper assessment of the PSUs; and

(d) if so, Government's reaction thereto?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) Based on the recommendations of the Disinvestment Commission and in keeping with the best market practices, the following four methodologies are being used for valuation of PSUs:—

(i) Discounted Cash Flow (DCF) Method

(ii) Balance Sheet Method

(iii) Transaction Multiple Method

(iv) Asset Valuation Method

While the first three are business valuation methodologies generally used for valuation of a going concern, the last methodology typically would be relevant only for valuation of assets in case of liquidation of a company.

(b) No, Sir.

(c) and (d) Do not arise.

†Original notice of the question was received in Hindi.